

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7217

BILL NUMBER: HB 1352

NOTE PREPARED: Jan 8, 2007

BILL AMENDED:

SUBJECT: Parity for state chartered financial institutions.

FIRST AUTHOR: Rep. Bardon

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill has the following provisions:

The bill amends Indiana Code provisions allowing the following state chartered financial institutions to exercise, in certain circumstances, the same rights and privileges granted to nationally chartered institutions: (1) Banks. (2) Industrial loan and investment companies. (3) Savings banks. (4) Credit unions. (5) Savings associations.

The bill allows the Department of Financial Institutions (Department) to deny, under certain circumstances, the rights and privileges requested by a state chartered institution. (Current law provides that the Department may act through its Members to deny the requested rights and privileges.)

The bill adds the following to the circumstances justifying the Department's denial of the requested rights and privileges: (1) A finding that the exercise of the rights and privileges would result in an unacceptable curtailment of consumer protection. (2) A finding that a denial of the rights and privileges will not result in a competitive disadvantage to the requesting institution.

The bill provides that in deciding whether to grant the same rights and privileges to all state chartered institutions of the same type as the requesting institution, the Department must ensure that the exercise of the rights and privileges by all institutions will not unduly constrain Indiana consumer protection provisions.

Effective Date: July 1, 2007.

Explanation of State Expenditures: To the extent that the Department of Financial Institutions

(Department) would perform some administrative functions currently delegated to the Members of the Department, costs would remain unchanged. However, certain circumstance would be added to the justifications for denial of rights and privileges that may reduce administrative time in processing these requests. Any cost savings is expected to be minimal.

Background: The Financial Institutions Fund receives all revenue for and pays the annual expenses of the Department. The Department has 76 funded positions and 7 Members. Members who are not state officers receive an annual salary of \$4,000 a year plus travel and other expenses. For FY 2006, the Financial Institutions Fund received \$7.4 M and paid expenditures of \$7.3 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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